

## Message Text

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PAGE 01 STATE 015723  
ORIGIN TRSE-00

INFO OCT-01 EUR-12 EA-10 ISO-00 SS-15 EB-08 XMB-02  
L-03 AID-05 CEA-01 CIAE-00 COME-00 FRB-03 INR-07  
NSAE-00 SP-02 STR-06 LAB-04 SIL-01 OMB-01 SSO-00  
NSCE-00 USIE-00 INRE-00 SIG-01 /082 R

TREASURY

DRAFTED BY TREASURY:MRYSS:SMCP  
APPROVED BY E:RNCOOPER  
TREASURY:HJUNZ (DRAFT)  
EB/IFD/ODF:TPARKER  
EB/IFD:JABWINDER, ACTING  
EUR:RVINE (DRAFT)  
XMB:DFURTADO (DRAFT)

-----072172 200251Z /64

O R 200134Z JAN 78  
FM SECSTATE WASHDC  
TO AMEMBASSY LONDON IMMEDIATE  
AMEMBASSY PARIS IMMEDIATE  
AMEMBASSY BONN IMMEDIATE  
AMEMBASSY COPENHAGEN IMMEDIATE  
AMEMBASSY BRUSSELS IMMEDIATE  
INFO AMEMBASSY OTTAWA  
AMEMBASSY TOKYO  
AMEMBASSY STOCKHOLM  
AMEMBASSY CANBERRA

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ALSO FOR USEEC, FOR AMBASSADOR FROM UNDER SECRETARY COOPER

E.O. 11652: N/A

TAGS: ETRD, OECD, EFIN

SUBJECT: EXPORT CREDITS: NEGOTIATIONS ON A NEW  
INTERNATIONAL ARRANGEMENT

REF: (A) PARIS 1207, (B) STATE 306702 (1977)

1. FAILURE OF EC TO AGREE MINIMAL MODIFICATIONS PROPOSED BY US AND ACCEPTABLE TO ALL OTHER PARTICIPANTS AT JANUARY NEGOTIATIONS IN OECD FRAMEWORK RAISES SERIOUS CONCERNS ABOUT RAMPANT COMPETITIVE USE OF EXPORT CREDITS IN FUTURE.

2. SINCE INITIAL 1977 DISCUSSIONS, USG HAS SUBSTANTIALLY LOWERED ITS SIGHTS ON WHAT WE WANT TO ACHIEVE IN A NEW INTERNATIONAL ARRANGEMENT ON EXPORT CREDITS. WE ATTACH CONSIDERABLE IMPORTANCE TO ACHIEVING SUBSTANTIVE IMPROVEMENT IN PRESENT CONSENSUS. A NEW INTERNATIONAL ARRANGEMENT ON EXPORT CREDITS WILL BE IMPOSSIBLE WITHOUT GOODWILL AND COOPERATION BY EC. WE ARE CONCERNED THAT EC POSITION MAY REFLECT TOP-LEVEL UNAWARENESS OF THE IMPORTANCE WE ATTACH TO THIS ISSUE.

3. I WOULD APPRECIATE YOUR MAKING REPRESENTATIONS IN TIME TO AFFECT POSITION TAKEN BY MEMBER STATES AND COMMISSION AT JANUARY 24 MEETING IN BRUSSELS OF EC EXPORT CREDIT

REPRESENTATIVES AND SUBSEQUENTLY AT THE EC MINISTERIAL COUNCIL MEETING WHICH WE UNDERSTAND WILL TAKE PLACE AT THE END OF JANUARY. FINAL MEETING OF CONSENSUS NEGOTIATORS LIMITED OFFICIAL USE

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WILL OCCUR IN PARIS BEGINNING FEBRUARY 15 AND EC NEGOTIATORS NEED MANDATE BY THAT DATE TO REACH ACCOMMODATION.

A. FOR BONN, COPENHAGEN, LONDON, AND BRUSSELS (EMBASSY AND USEC)

EMPHASIS SHOULD BE ON THE NEED FOR COOPERATION BY THE EC. WE ARE RAISING THIS ISSUE AT A HIGH LEVEL IN THE FRENCH GOVERNMENT, BUT IT IS ALSO IMPORTANT FOR EC MEMBER STATES AND THE COMMISSION TO EXERT INTRA-EC PRESSURE ON THE FRENCH TO ACCEDE TO MINIMAL PROPOSAL BY THE US WITH RESPECT TO MINOR CHANGES IN PORTIONS OF INTEREST RATE MATRIX, PERIODIC DISCLOSURE OF EXTENT OF USE OF EXPORT INFLATION INSURANCE, AND TIED AID AND MIXED AID/EXPORT CREDITS.

B. FOR PARIS

OUR MAIN CONCERN IS THAT THE ISSUE HAS NOT RECEIVED ADEQUATE ATTENTION AT THE POLITICAL LEVEL OF THE GOF. LAST WEEK I BROUGHT IT UP WITH FROMENTMEURICE WHO INDICATED HE WOULD LOOK INTO IT. YOU SHOULD FOLLOW UP IN WHATEVER WAY YOU CONSIDER NECESSARY TO BRING ABOUT A MORE POSITIVE FRENCH POSITION. YOU SHOULD POINT OUT THAT FAILURE TO ACHIEVE SUBSTANTIVE IMPROVEMENT IN PRESENT CONSENSUS AT THE

FEBRUARY NEGOTIATIONS COULD EASILY LEAD TO RAMPANT COMPETITIVE USE OF EXPORT CREDITS TO DISTORT COMPETITION, AN OUTCOME THAT IS IN NO ONE'S INTEREST.

4. PLEASE LET ME KNOW WHAT REACTIONS YOU RECEIVE TO YOUR APPROACHES.

5. SEPTTEL FOLLOWS WITH MORE DETAILS ON ORIGINAL AND PRESENT USG PROPOSAL. CHRISTOPHER

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ORIGIN EB-03

INFO OCT-01 ISO-00 /004 R

66011

DRAFTED BY EB:RHJONES:MW

APPROVED BY EB:RHJONES

-----103411 212342Z /64

P 212323Z JAN 78

FM SECSTATE WASHDC

TO USMISSION GENEVA PRIORITY

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FOR BARRACLOUGH FROM WATSON

FOL RPT STATE 015723 SENT ACTION LONDON, PARIS, BONN, COPENHAGEN, BRUSSELS INFO OTTAWA, TOKYO, STOCKHOLM & CANBERRA DTD 20 JAN 78

QUOTE: LIMITED OFFICIAL USE STATE  
015723

ALSO FOR USEEC, FOR AMBASSADOR FROM UNDER SECRETARY COOPER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** EXPORTS, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 jan 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Drafter:** MRYSS:SMCP  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Film Number:** D780029-1080  
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**Message ID:** e914c7e1-c288-dd11-92da-001cc4696bcc  
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**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 5  
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**Previous Handling Restrictions:** n/a  
**Reference:** 78 PARIS 1207, 78 STATE 306702  
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**Review Content Flags:**  
**Review Date:** 05 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
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**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3738487  
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**TAGS:** ETRD, EFIN, OECD  
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**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014